

THE INFLUENCE OF INVESTMENT MOTIVATION, INVESTMENT KNOWLEDGE, AND FINANCIAL LITERACY ON INVESTMENT INTEREST

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ABSTRACT

The purpose of this study is to ascertain how investment motivation, investment knowledge, and financial literacy contribute to the millennial generation's interest in investing in Bandung. This study's sample consists of Bandung's millennials who are interested in stock investing. The purposive sampling method was used to select 220 respondents for the study's sample. Structural Equation Modelling (SEM) was used for data analysis techniques. Using the quantitative research method, a descriptive research design was used in this study. This study found that investment interest is influenced by investment motivation, investment knowledge, and financial literacy.

Keywords: *investment motivation; investment knowledge; financial literacy; investment interest*

1. INTRODUCTION

Everyone would want to be able to live independently financially. This desire can be realized in a variety of ways, one of which is by investing. One strategy for achieving a desire or need in the future by profiting from what has been invested in the present is through investment. Time and money are two examples of assets that must be contributed to when investing. Venture is likewise one of the most mind-blowing monetary instruments to safeguard somebody's monetary condition in the future with the expectation of getting a benefit from the speculation that they made.

Stock investments in the capital market are one kind of investment that many people want to make because they don't need a lot of money up front. Additionally, due to its high liquidity, investing in stocks on the capital market is more appealing. This is because they lack a measurable and specific financial plan for carrying out investment activities, as well as sufficient investment knowledge, experience, and good business sense to determine which securities are worth purchasing [1].

Because it serves both an economic and a financial purpose, the capital market plays a role in shaping Indonesia's economic future. The capital market serves an economic purpose by facilitating meetings between investors and those in need of funds (the company). The capital market's ability to provide investors with future benefits is the financial function.

In terms of finances, Indonesia is one of the developing nations. The Indonesian people's financial orientation is still short-term, and they are often referred to as a "savings society." Different from developed nations with a long-term financial focus, also known as an investing society. In order to transition from a society of saving to one of investing, extensive and ongoing public education is required [2].

The participation of the Indonesian people is very much needed in investing stocks in the capital market to help national economic development.

However, in reality the Indonesian people are still afraid and worried about investing in stocks in the capital market. This is because there is a feeling of anxiety about experiencing losses and even capital that can disappear instantly. Therefore, the Indonesian people need sufficient investment knowledge before making an investment in order to reduce the risk of unwanted things happening during investment. With good investment knowledge it will increase investment interest.

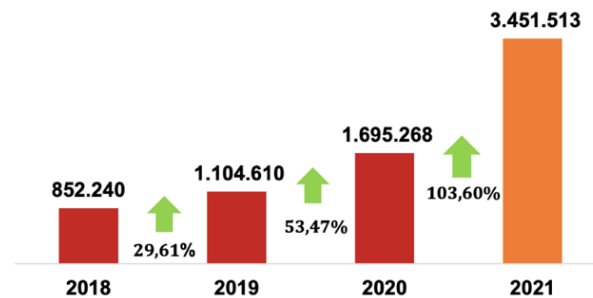


Figure 1 Number of Stock Investors in the Capital Market (2021)

The capital market continues to see an increase in the number of stock investors each year. This is shown in Figure 1, which shows that the number of Single Investor Identification (SID) has reached 3.451.513 as of the end of December 2021, and this number will continue to rise in comparison to the previous year [3]. However, compared to Indonesia's total population, which reached 273.879.750 at the end of December 2021 [4], this increase is still very small. This indicates that there are only approximately 1.26 percent of stock investors on the capital market. When contrasted with a few nations in ASEAN, Indonesian residents who become stock financial backers are still little since Singapore residents who become stock financial backers reach 16.2%, Malaysia 8.7%, Thailand 5% and Vietnam 2.2%. The best potential for stock financial backers in Indonesia is in the more youthful age who are under 40 years of age [5].

The Coronavirus pandemic that happened in mid-2020 enormously affected the whole world's economy, including Indonesia. With the Coronavirus pandemic in Indonesia, it expects individuals to know about great monetary administration, particularly while confronting monetary vulnerability. Around the same time, there was a dull speculation period which caused low revenue in venture by the Indonesian nation in light of the fact that two or three million Indonesians made ventures [6]. Speculation conditions in Indonesia should be visible from each city in Indonesia, one of which is the city of Bandung. Toward the finish of 2021, the City of Bandung has encountered an expansion in the quantity of financial backers by 153.07% from the earlier year. In light of these information, the City of Bandung right now has 705.265 financial backers and 308.000 of them are millennial financial backers [7]. In the mean time, the quantity of millennial occupants in the City of Bandung is 969.394 [8]. At the point when analyzed between the millennial occupants of Bandung City and the quantity of millennial financial backers, which are just 308.000. One might say that the quantity of millennial financial backers in Bandung City are still little. Just 31.8% of the millennial age put resources into stocks. The low speculation premium is brought about by low venture inspiration, speculation information, and monetary education.

Consequently, speculation inspiration, venture information, and great monetary proficiency are required so the millennial age's venture revenue in the capital market increments.

2. RESEARCH METHOD

[9] defines investment motivation as a person's own encouragement to dare to invest. It is certain that a person will engage in any behavior that can satisfy his desire to invest if he is motivated to do so. [10] made sense of that "venture inspiration is characterized as a drive that emerges from inside an individual to do something to accomplish an objective." [11] says that an individual's desire to engage in investment activities is fueled by a condition in their personality or by the influence of the environment around them. When a person has a strong curiosity about investment activities, it will generate a strong urge from within him so that he tries to fulfill this urge, namely by doing investment activities. In investing, the investment motivation needed is motivation that comes from within oneself. One type of venture inspiration is partaking in preparing exercises and workshops on speculation exercises. It is evident from the previous explanation that investment motivation influences investment interest. According to the findings of research carried out by [12], investment interest is positively impacted by investment motivation. This demonstrates that increased investment interest will result from a person's strong desire and willingness to engage in investment activities. In this way, the primary speculation can be created as follow:

H1: Investment Motivation has a positive effect on Investment Interest.

Investment Knowledge is defined as understanding and insight into all aspects of investment, starting from basic investment knowledge, the level of risk, and the level of return that a person must have before making an investment [2]. [13] revealed that investment knowledge is information that has been processed so that it is easy to understand and can grow someone's interest in investing.

While [14] argued that investment knowledge is an understanding and consideration that must be made by potential investors, including understanding how to make an investment, the benefits of investing, the investment period, learning about stock analysis, both technical and fundamental. One of the characteristics of someone who has an interest in investing is having the desire to develop their investment knowledge. Everyone should develop investment knowledge to understand how to make investments, know the different types of investments, the benefits of investing. Having investment knowledge will make it easier for someone to choose what investment instruments to implement, so that it will increase investment interest. From the explanation previously described, it can be seen that investment knowledge influences investment interest. The results of research conducted by [15] show that investment knowledge has positive effect on investment interest. This shows that the better someone's investment knowledge, the higher the investment interest because having good investment knowledge will form investment skills, so that it will increase investment interest. Thus, the second hypothesis can be developed as follow:

H2: Investment Knowledge has a positive effect on Investment Interest.

A person's ability to seek, obtain, study, and evaluate relevant financial information for making financial decisions by comprehending the financial consequences is considered to be financial literacy [16]. [17] stated that financial literacy is "a component of human capital that can be used in financial activities to increase expected lifetime utility from consumption (i.e., behaviors that enhance financial well-being)." This definition of financial literacy was provided by the author. [18] defines financial literacy as the knowledge and understanding of

finance that can influence a person's financial management behavior with the goal of achieving financial well-being. A person's interest in investing will rise proportionally to their level of financial literacy, which will encourage them to plan their investments and thus increase their interest in investing. Therefore, one could say that an investor's interest in investing increases with their level of financial literacy. The previous explanation demonstrates that financial literacy influences investment interest. According to [13's] research, investment interest is influenced positively by financial literacy. This shows that a person's level of financial literacy will make them more interested in investing. This is because investors will be more interested in investing if they have a solid understanding of their finances and a strategy for managing them. As a result, it is possible to formulate the following hypothesis:

H3: Financial Literacy has a positive effect on Investment Interest.

[19] defines investment interest as an interest in and comprehension of investment. Anyone who has an interest in investing will, without a doubt, learn about the benefits and drawbacks of investing, as well as investment performance, until they are willing to put in the effort to learn more about investing or to immediately engage in investment activities. In the mean time [20] made sense of that venture revenue is a longing, propensity, and premium that comes from inside an individual to complete speculation exercises and is joined by a sensation of delight by putting resources into resources possessed in the present with the desire for getting future benefits. According to [10] investment interest is “someone's interest to find out, spend time in studying investment to consider and decide to invest”. Based on the explanation above, a research model image can be made as follow:

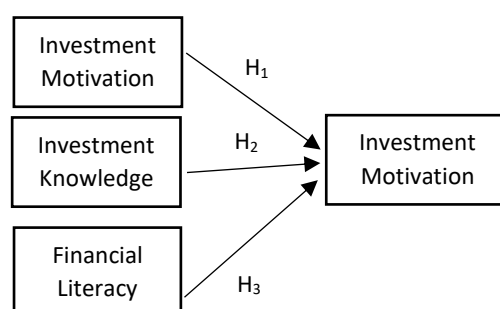


Figure 2 Research Model

Using the quantitative research method, a descriptive research design was used in this study. The participants in this study are all Bandung millennials who are interested in stock investing. In this study, the purposive sampling method will be used to select participants. This means that only those individuals who are able to provide the desired data will be included in the sample, either because they are the only ones who possess it or because the researcher has established a number of criteria. As a sample, 220 people participated in this study. Primary data are the type of data used in this study. The questionnaires were distributed manually and used the Google Form online to collect the primary data. Existing questionnaires will be used to gather information. Purposive sampling was the method of sampling that was utilized in this study. In this method, the sample is restricted to particular kinds of people who are able to provide the information that is desired, either because they are the only ones who possess it or because they meet certain criteria that have been established by the researcher. 220 respondents were used as samples in this study. The sort of information utilized in this examination is essential information which was helped out

through polls which are disseminated physically, and online by utilizing Google Structure. Information will be gotten through polls that are conveyed online so that can make it more straightforward for respondents to finish up surveys by means of Google Structure. A Likert scale with a score of 1 to 5 will be used to measure each variable in this study. The Likert scale has a value between 1 and 5, which is: 1) Disagree strongly, 2) Disagree, 3) Neutral, 4) Agree, and 5) Agree strongly. The Smart-PLS program, which uses partial least squares, will be used to process the data. Outer Model analysis (Measurement Model) and Inner Model analysis (Structural Model) were the two phases of this analysis.

Investment Motivation was measured by using 5 instruments, as adapted from [21], [22], and [23]: (1) "I plan my personal finances for the future by investing in stocks", (2) "I will invest when my financial needs are met.", (3) "I started making investment plans", (4) "I have determination in making investment", and (5) "I am driven to make investments that lead to the achievement of financial goals".

Investment Knowledge was measured by using 5 instruments, as adapted from [24], [11], and [22]: (1) "I have knowledge how to make investment", (2) "I have knowledge of the type of investment", (3) "I know the benefits of investing", (4) "In my opinion, basic knowledge of investment is very important", and (5) "In my opinion, basic knowledge of investment must be mastered before making an investment".

Financial Literacy was measured by using 5 instruments, as adapted from [18]: (1) "I save to achieve a certain goal", (2) "I do financial planning", (3) "I am careful about my financial spending to avoid financial difficulties in the future", and (4) "I choose investment products with risks that I can bear", (5) "I feel capable of achieving my future financial goals".

Investment Interest was measured by using 5 instruments, as adapted from [11], [18], and [22] (1) "I will find out the investment step-by-step guide before starting the investment", (2) "I will find out the advantages and disadvantages of the type of investment that I will choose before making an investment", (3) "I am interested in investing because there is a lot of information about the advantages of investing", (4) "I am interested in investing in stocks because they are promising for the long-term", (5) "In my opinion, investing in stocks is an attractive investment".

3. RESULTS AND DISCUSSION

Table 1 Validity and Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability
Financial Literacy	0.886	0.917
Investment Interest	0.863	0.901
Investment Motivation	0.864	0.902
Investment Knowledge	0.883	0.915

Every variable has a Cronbach's Alpha and Composite Unwavering quality worth that is more noteworthy than 0.7 and more noteworthy than 0.6, separately, as displayed in Table 1. Accordingly, it could be said that all of the variables in this study have met the requirements of authenticity and relentless quality. A coefficient of determination (R^2) of 0.773, or 77.3 percent, exists for the investment interest. This shows that the factors of speculation inspiration, venture information, and monetary proficiency can represent 77.3% of the variety

in speculation interest factors. Meanwhile, the integrity of-fit incentive for this study is 0.7176428429. Subsequently, one might say that the model created in this study is entirely appropriate.

Table 2 The Result of Bootstrapping Test

Variable	Path Coefficient	t-Statistics	p-Values
Investment Motivation → Investment Interest	0.378	6.231	0.000
Investment Knowledge → Investment Interest	0.336	5.119	0.000
Financial Literacy → Investment Interest	0.286	4.541	0.000

H₁: Investment Motivation has a positive effect on Investment Interest.

The investment motivation variable has a positive effect on the investment interest variable, as shown by the results of testing the research hypothesis (bootstrapping) (path coefficient = 0.378; (> 1.96); t-statistics = 6.231 the first hypothesis (H1) is accepted with p-values of less than 0.05.

This indicates that a person's interest in investing will rise when they have high investment motivation. Investment motivation has a positive impact on investment interest because if a person has a high level of curiosity about investing after receiving a variety of information that encourages him to invest, that person will be motivated to try investing. In order to increase one's interest in investing, one must be motivated to do so. This study's findings are consistent with those of [9], [10], and [12], which demonstrate that investment motivation influences investment interest positively.

H₂: Investment Knowledge has a positive effect on Investment Interest.

The Investment Knowledge variable has a positive effect on the Investment Interest variable, according to the results of testing the research hypothesis (bootstrapping) (path coefficient = 0.336; t-statistics = 5.119 (higher than 1.96); the second hypothesis (H2) is accepted with p-values of less than 0.05. This indicates that a person's interest in investing will rise in proportion to their level of investment knowledge. Because it is very important to know and comprehend investment knowledge prior to beginning to invest, investment knowledge has a positive effect on investment interest. Any and all aspects of investing need to be well-understood by potential investors. For instance, for example, having essential speculation information, figuring out the degree of hazard and return from money management. This study's findings are consistent with those of [2], [14], and [15], which demonstrate that investment interest is influenced positively by investment knowledge.

H₃: Financial Literacy has a positive effect on Investment Interest.

In light of the consequences of testing the examination speculation (bootstrapping), the Monetary Education variable decidedly affects the Venture Interest variable (way coefficient = 0.286; t-measurements = 4.541 (> 1.96); p-values = 0.000 (< 0.05)) and the third theory (H₃) is acknowledged. This implies that when somebody has high monetary education, somebody's venture interest will likewise increment. Monetary Education emphatically affects Venture Revenue since somebody who has a comprehension and information on monetary ideas normally can possibly complete speculation exercises since that individual can make wise venture arrangements. Each and every individual who needs to contribute should have the option to see great monetary ideas so they don't commit errors in that frame of mind to acquire future benefits. The aftereffects of this study are as per research directed by [13] and [18] which shows that monetary education meaningfully affects speculation interest.

The ramifications of this exploration is supposed to be a reference material for different specialists to direct further examination that is more inside and out utilizing various factors or extra factors. As well as having the option to become data material to further develop information and is supposed to be data for understudies and teachers from the College in the educational experience. Moreover, the ramifications of this examination is supposed to give genuine advantages to the Indonesian nation with the goal that the Indonesian public can dissect social peculiarities connected with speculation interest. Like that, this examination is supposed to encourage revenue in putting resources into the millennial age in Bandung so it can assist with fostering the public economy.

4. CONCLUSIONS AND SUGGESTIONS

This study demonstrates that investment interest is positively impacted by investment motivation, investment knowledge, and financial literacy. Because only investment motivation, investment knowledge, and financial literacy were used as independent variables to explain investment interest variables, this study has a few limitations. Due to time constraints, only 220 people were asked to participate in this study. This study's findings can only be used to explain why millennials are interested in investing in Bandung. It is suggested that future researchers have the ability to increase the number of respondents used in the study. It is anticipated that it will be more representative of the study population in this manner. A number of additional independent variables, such as Minimum Capital, Technological Advances, Income, Financial Efficacy, Perceived Risk, and Perceived Return, can be used to explain the Investment Interest variable for future researchers.

It is suggested that securities companies collaborate with academics, particularly Bandung universities, to create an Investment Gallery and various programs like outreach, conferences, and training on investment in the capital market to increase investment knowledge and interest. It is suggested that academics, particularly universities in Bandung, engage in fully supported Community Service activities and collaborate with securities firms to develop educational programs for the millennial generation in Bandung about investing in the capital market in order to increase investment interest. Investment products that are tailored to the risk profile of the millennial generation in Bandung as potential investors are one of the educational topics that can be provided. A financial budget should always be prepared for the community. In order to avoid spending money on unnecessary items, the community can

keep track of all income and expenses. That way, the community's financial needs will be met in the right way, motivating investors, and boosting their interest in investing.

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